
REPORT OF CABINET

MEETING HELD ON 12 FEBRUARY 2009

Chairman: * Councillor David Ashton

Councillors * Marilyn Ashton * Barry Macleod-Cullinane
: * Miss Christine Bednell * Chris Mote
* Tony Ferrari * Paul Osborn
* Susan Hall * Mrs Anjana Patel

* Denotes Member present

[Note: Councillors Margaret Davine and Bill Stephenson also attended this meeting to speak on the item indicated at Minute 571 below].

PART I - RECOMMENDATIONS

RECOMMENDATION II - Key Decision - Revenue Budget 2009-10 to 2011-12

The Corporate Director of Finance introduced a report, which set out the proposed revenue Medium Term Financial Strategy (MTFS) for 2009-10 to 2011-12. She advised that the current economic pressures on the Council amounted to £3.5-£4.0m. She added that the Greater London Authority had set their precept the previous day and that there would be no increase in precept next year.

The Corporate Director of Finance advised that her report explained the Council Tax Strategy and outlined the key assumptions that underpinned the budget. The report also included a sensitivity analysis but she stressed that in such volatile times, it was difficult to make predictions. She added that there were substantial funding gaps in years 2 and 3 of the plan.

The Corporate Director of Finance reported that consultation on the budget had taken place at various stakeholder meetings, the minutes of which had been circulated on the second supplemental agenda. The draft notes of the Partnership with Older People Panel held on 4 February 2009 had been tabled for Members' information. A wide range of issues had also been addressed at the Cabinet Question Time on 5 February 2009. The Portfolio Holder for Strategy, Partnership and Finance added that, in relation to consultation with the Unions, discussion had been deferred at the Employees' Consultative Forum on 28 January 2009. He had subsequently met Union representatives on 6 February 2009 which had enabled discussion on updated information.

The Portfolio Holder for Strategy, Partnership and Finance emphasised that the Council was facing challenges, particularly due to the low level of reserves. He was, however, confident that the budget was prudent. The Corporate Director of Finance advised that the report contained a

detailed risk analysis and that there was a target of £5.0m for general reserves. Her report as Chief Finance Officer was included in the report and she stated that, in her opinion, the budget was robust.

Members were advised that the Housing Revenue Account was a separate part of the budget and their attention was drawn to the increase in service charges for tenants and leaseholders. The Portfolio Holder for Adults and Housing advised that local authority rents were being increased in line with Government policy. However, the Council was lobbying, with the London Borough of Westminster, to get rents under control.

The Cabinet, having agreed the MTFs, the Voluntary Severance Scheme, an increase to the fees and charges, the budget and the proposed changes to the LMS formula in relation to schools and the Medium Term Budget Strategy for the Housing Revenue Account,

Resolved to RECOMMEND: (to Council)

That (1) the Revenue Budget 2009-10 to 2011-12 be approved to enable the Council Tax for 2009-10 to be set;

(2) the model Council Tax resolution attached at Appendix 1 be approved;

(3) the Housing Revenue Account for 2009-10 attached at Appendix 2 be approved and, in particular, to agree to

- (a) increase rents by 6.15% on average from 1 April 2009;
- (b) increase service charges for tenants by 5.5% and for leaseholders by 10.6% on average from 1 April 2009;
- (c) increase energy (heating) charges by 2.5% on average from 1 April 2009;
- (d) increase water charges, garage rents and car park rents by 2.5% on average from 1 April 2009;

(4) the Members' Allowances Scheme attached at Appendix 3, be approved.

Reason for Recommendation: To publish the final budget proposals and set the Council Tax and rents for 2009-10.

APPENDIX 1

Harrow Council

Council Tax Resolution 2009-2010

Cabinet to approve as part of the Summons for Council, the model budget and Council Tax resolutions reflecting the recommendations of Cabinet and the GLA precept.

Council is requested to determine the level of the Council Tax for 2009-2010 in the light of the information on the precept and make the calculations set out in the resolution shown below.

- (1) To note that at its meeting on 18 December 2008 the Council calculated the amount of 85,755 as its Council Tax Base for the year 2009-2010 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33 (5) of the Local Government Finance Act 1992.
- (2) That the following amounts be now calculated by the Council for the year 2009-2010, in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - (i) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act. (**Gross expenditure**) £532,402,127
 - (ii) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3)(a) to (c) of the Act. (**Gross income including use of reserves**) £363,563,769
 - (iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, **as its budget requirement for the year.** £168,838,358
 - (iv) Being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, reduced by the amount of the sums which the Council estimates will be transferred in the year to its General Fund from its Collection Fund in accordance with Section 97(4) of the Local Government Finance Act 1988 (Collection Fund Surplus) £67,085,763

(v) Being **the amount to be raised from Council Taxes** Calculated as the amount at 2 (iii) above less the amount at 2 (iv.) above. £101,752,595

(vi) Being the amount at (v) divided by the Council Tax Base, calculated by the Council at its meeting on 18 December 2008 in accordance with Section 33 (1) of the Act, as the basic amount of its council tax for the year. **(The average Band D Council Tax)** £1,186.55

(vii) Valuation Bands

	A	B	C	D	E	F	G	H
£	791.03	922.87	1,054.71	1,186.55	1,450.23	1,713.90	1,977.58	2,373.10

Being the amounts given by multiplying the amount at (vi.) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(3) That it be noted that for 2009-2010 the Greater London Authority stated the following amount in precept issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

(4) That, having calculated the aggregate in each case of the amounts at (2)(vii) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2009-2010 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	997.58	1,163.84	1,330.11	1,496.37	1,828.90	2,161.42	2,493.95	2,992.74

HARROW COUNCIL
REVENUE BUDGET SUMMARY 2009-2010

	2008-2009 Original Budget £000	2009-2010 Original Budget £000
Local Demand - Borough Services		
Adults and Housing	63,918	64,596
Children's	38,172	38,962
Community and Environment	46,594	47,867
Place Shaping	2,881	3,011
Legal and Governance	1,997	2,215
Assistant Chief Executive	3,212	3,389
Corporate Finance	19,210	19,986
Total Directorate Budgets	175,984	180,026
Inflation and Corporate items	4,973	4,212
Capital Financing adjustments	-6,972	-6329
Interest on Balances	-3,135	-185
Total – Baseline	170,850	177,724
Capitalisation	-590	-390
Contribution to Balances	1,000	500
Total Net Expenditure	171,260	177,834
Collection Fund Surplus()/Deficit b/f	1,365	-300
Redistributed Business Rates	-57,670	-54,261
Revenue Support Grant	-8,028	-12,524
Area Based Grant	-8,423	-8,996
Local Demand on Collection Fund	98,504	101,753
Funds / Balances		
Balances Brought Forward	2,154	4,031
Adjustment to Balances	1,000	500
Balances Carried Forward	3,154	4,531
Council Tax for Band D Equivalent		
Harrow (£)	1,152.55	1,186.55
<u>Increase</u> Harrow (%)	2.95%	2.95%
Taxbase	85,466	85,755

APPENDIX 2**Housing Revenue Account 2009-10 to 2011-12**

	Budget 2009-10	Budget 2010-11	Budget 2011-12	Comments
Expenditure				
Employee Costs	1,928,850	1,918,280	1,958,590	Pay inflation assumed as 2%
Supplies & Services	444,830	464,830	444,830	Increase 2010-11 represents bi-annual tenant survey
Utility cost (Water & Gas)	626,250	645,040	664,390	Inflation assumed at 16.7% 09-10 and 3% annually thereafter
Estate & Sheltered Services	1,956,980	1,988,600	2,020,950	
Central Recharges	1,971,700	2,020,990	2,071,530	Inflation assumed at 2.5%
Operating Expenditure	6,928,610	7,037,740	7,160,290	
Contingency - general	200,000	200,000	200,000	Provision for unforeseen expenditure
Charges for Capital	6,917,220	7,104,390	6,971,940	Includes £123k HARP costs, CRI @ 5.45%, interest on balances @ average 2.1%
Contribution to Repairs Account	4,800,680	4,800,680	4,800,680	
RCCO	1,000,000	1,000,000	1,000,000	Annual contribution
Bad or Doubtful Debts	250,000	250,000	250,000	
HRA Subsidy	6,874,870	7,387,500	8,088,030	Based on final determination issued by CLG [payment redistributed to other parts of the country]
Total Expenditure	26,971,380	27,780,310	28,470,940	
Income				
Rent Income – Dwellings	- 22,671,580	- 23,818,210	-24,941,900	Average increase 2009-10 6.15% in line with Government rent model

	Budget 2009-10	Budget 2010-11	Budget 2011-12	Comments
Rent Income – Non Dwellings	-869,840	-882,010	-894,490	Average increase of 2.5% for garages. Commercial premises reflect lease agreements
Service Charges - Tenants	-1,150,430	-1,184,940	-1,220,490	Average increase 2009- 10 5.5% in line with Government rent model
Service Charges - Leaseholders	-424,350	-424,350	-424,350	Average rent increase 2009-10 10.6% reflecting leaseholder costs to be recovered
Facility Charges (Water & Gas)	-487,480	-499,490	-511,490	
Interest	-17,000	-17,000	-17,000	
Other Income	-8,010	-8,010	-8,010	
Transfer from General Fund	-83,000	-83,000	-83,000	Amenities shared by Council and non- Council residents.
Total Income	- 25,711,690	- 26,917,010	-28,100,730	
In Year Deficit / Surplus)	1,259,690	863,300	370,210	
BALANCE carried forward	-3,810,590	-2,947,290	-2,577,080	
BALANCE Business Plan	-4,764,000	-5,319,000	-5,460,000	

LONDON BOROUGH OF HARROW

MEMBERS' ALLOWANCES SCHEME

1. This scheme shall have effect until 31st March 2010. It replaces all former schemes.

Basic Allowance

2. A basic allowance of £8,160 per annum shall be paid to each Councillor.

Special Responsibility Allowances and Mayoral Allowances

3. (1) A special responsibility allowance shall be paid to those Councillors who have the special responsibilities in relation to the posts specified in Schedule 1 to this scheme. The amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
(2) An allowance of £10,250 per annum shall be paid to the Mayor and an allowance of £2,040 per annum shall be paid to the Deputy Mayor.
(3) No Member may receive special responsibility allowances in respect of more than one post. For the purposes of this paragraph, the mayoral allowances referred to in 3(2) above are considered to be special responsibility allowances.

Up-rating the Basic and Special Responsibility Allowances

4. The basic allowance and special responsibility allowances will be up-rated annually in line with an index approved by the London Councils Independent Panel. The index to be used will be the level of the Local Government Pay Settlement. When making the scheme for 2011-12, the indexing arrangements will be reviewed.

Travel and Subsistence Allowances

5. The reimbursement of travel and subsistence expenses incurred in respect of **approved duties** (as set out in Schedule 2) **undertaken outside the Borough boundaries** can be claimed by Members, co-optees to formal Council committees and Independent Members of the Standards Committee at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

Carers' Allowance

6. (1) The allowance shall only be paid for attendance at approved duties as listed in Appendix (i).
- (2) The maximum basic rate of pay is £2.90 per half hour for the duration of the meeting together with the Member's travel time between home and the place of the meeting and the carer's reasonable travelling time.
- (3) The allowance is claimable in respect of children aged 15 or under or where a professional carer is required to meet a specialist need (eg a nurse for an elderly person).
- (4) Actual costs will be paid **on production of an invoice or receipt.**
- (5) Where the length of the meeting cannot be predicted and payment to the carer is necessarily contractually committed then a payment of up to 4 hours will be made. (For day time quasi-judicial meetings, payment of up to 8 hours may be made if the estimated length of the meeting is for the whole day).
- (6) In addition, the reasonable travelling expenses of the person taking care of the dependent shall be reimbursed either at the appropriate public transport rate, or in cases of urgency or where no public transport is available, the amount of any taxi fare actually paid.
- (7) The allowance is not to be paid where the carer is a member of the Member's household.
- (8) Any dispute as to the entitlement and any allegation of abuse should be referred to the Standards Committee for adjudication.

Co-optees' Allowance

7. A basic allowance of £445 per annum shall be paid to co-optees to formal Council committees and Independent Members of the Standards Committee.

Claims and Payments

8. (1) A claim for allowances or expenses under this scheme shall be made in writing within two months of the date of undertaking the duty in respect of which the entitlement to the allowance or expense relates.

(2) Payment shall be made

- (a) in respect of basic and special responsibility allowances, in instalments of one-twelfth of the amount specified in this scheme each month;
- (b) in respect of out-borough travel and subsistence expenses and Carers' Allowance, each month in respect of claims received up to one month before that date.

Backdating

9. Any changes made to this scheme during the year may be backdated to 1st April 2009 by resolution of the Council when approving the amendment.

Pensions

10. Allowances paid under the Harrow Members' Allowances Scheme will **not** be pensionable for the purposes of the Superannuation Act.

Renunciation

11. A person may, by notice in writing given to the Chief Executive, elect to forgo any part of his/her entitlement to an allowance under this scheme.

Withholding Allowances

12. (1) In the event that a Member is suspended from duties, that Member's basic allowance and special responsibility allowance (if any) will be withheld for the whole period of the Member's suspension.
- (2) In the event that a Member is partially suspended from duties, that Member's basic allowance will be paid but their SRA, if any, will be withdrawn for the period of the partial suspension.

Approved duties for Carers' Allowance

- A meeting of the Executive.
- A meeting of a committee of the executive.
- A meeting of the Authority.
- A meeting of a committee or sub-committee of the Authority.
- A meeting of some other body to which the Authority make appointments or nominations, or
- A meeting of a committee or sub-committee of a body to which the Authority make appointments or nominations.
- A meeting which has both been authorised by the Authority, a committee, or sub-committee of the Authority or a joint committee of the Authority and one or more other authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the Authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups).
- A meeting of a Local Authority association of which the Authority is a member.
- Duties undertaken on behalf of the Authority in pursuance of any Procedural Rule of the Constitution requiring a member or members to be present while tender documents are opened.
- Duties undertaken on behalf of the Authority in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises.
- Duties undertaken on behalf of the Authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996.

SCHEDULE 1

SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

There are 7 bands of SRAs:-

Band	Post	SRA - £/annum
1	Leader of the third largest Group Deputy Leader of the second largest Group Chief Whips of the two largest Groups Chairman of Governance, Audit and Risk Management Committee Chairman of Licensing and General Purposes Committee Chairman of Standards Committee Support Members for Cabinet	£2,040
2	Performance Lead Members for Scrutiny Policy Lead Members for Scrutiny	£3,060
3	Nominated Member of the largest party not holding the Chair of the Strategic Planning Committee (<i>see Note 1</i>) Nominated Member of the largest party not holding the Chair of the Development Management Committee (<i>see Note 1</i>) Chairman of the Traffic Advisory Panel Chairman of the Grants Advisory Panel	£4,590
4	Chairman of the Performance and Finance Scrutiny Sub Nominated Member of the largest party not holding the Chair of the Performance and Finance Scrutiny Sub Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee	£6,630
5	Chairman of the Strategic Planning Committee (<i>see Note 2</i>) Chairman of the Development Management Committee (<i>see Note 2</i>) Chairman of the Overview and Scrutiny Committee Leader of the Second Largest Group	£8,670
6	Deputy Leader Cabinet Members	£19,890

Band	Post	SRA - £/annum
7	Leader	£31,110

NOTES

- (1) If the same person is the Nominated Member of the largest party not holding the chair on both the Strategic Planning Committee and the Development Management Committee, they will receive 1.5 times the Band 3 allowance.
- (2) If the same person is the Chairman of both the Strategic Planning Committee and the Development Management Committee, they will receive 1.5 times the Band 5 allowance.
- (3) In the Council for 2006 to 2010, the Groups are as follows:-
Largest Group = Conservative Group
Second Largest Group = Labour Group
Third Largest Group = Liberal Democrat Group

SCHEDULE 2

CLAIMS FOR OUT-OF-BOROUGH TRAVEL AND SUBSISTENCE EXPENSES

Duties Undertaken Out-of-Borough

Claims for travel and subsistence expenses incurred can normally only be paid in respect of approved duties undertaken at venues out of the Borough. Expenses will be reimbursed at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

1. Members may claim travel and subsistence expenses in respect of the following out-of-Borough duties:-

(a) Attendance at any meeting which may be convened by the Authority provided that Members of at least two groups are invited and the meeting is not convened by officers.

(b) Attendance at a meeting of an outside body to which the Member has been appointed or nominated as a representative of the Council, where the Outside Body does not itself operate a scheme to reimburse travel and subsistence expenses.

(c) (i) attendance at an appropriate out-of-Borough conference, seminar, meeting or other appropriate non-political event as a representative of an Outside Body to which that Member has been either nominated or appointed by Council to serve in a role with a specific pan-Authority remit;

(ii) attendance at meetings in the capacity of a direct appointee of a Local Authority Association, joint or statutory body or other London-wide or national body subject to the following proviso:

that the Member serves on the appointing body by virtue of an appointment made by Council to an authorised Outside Body;

subject in either case to the Outside Body/Bodies concerned themselves not making provision for any travel and subsistence expenses necessarily incurred.

(d) Attendance at a meeting of any association of local authorities of which the Authority is a member and to which the Member has been appointed as a representative.

(e) Attendance at a training session, conference, seminar or other non-political event, the attendance fees for which are being

funded by the Council through a Departmental or a corporate budget.

- (f) Attendance at any training session, conference, seminar or other non-political event for which there is either no attendance fee or any attendance fee is being met by the Member him/herself (or from the relevant political group secretariat budget) subject to the relevant Director confirming that the content of the training, conference, seminar or event is relevant to the Member's responsibilities in respect of the services provided by the Authority or to the management of the Authority.
2. Duties for which out-of-Borough travel and subsistence expenses may not be claimed include:-
- (a) Political meetings or events.
 - (b) Any meetings of 'Outside Bodies' to which the Member has not been appointed or nominated by the Council as its representative.
 - (c) Meetings of the Governing Bodies of Schools.